

## Message Text

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W  
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O R 061349Z JUN 77  
FM AMEMBASSY TEL AVIV  
TO SECSTATE WASHDC IMMEDIATE 6519  
INFO AMEMBASSY AMMAN  
AMEMBASSY BUCHAREST  
AMEMBASSY CAIRO  
AMEMBASSY DAMASCUS  
AMEMBASSY JIDDA  
AMEMBASSY LONDON  
AMCONSUL JERUSALEM  
USMISSION SINAI

C O N F I D E N T I A L SECTION 1 OF 2 TEL AVIV 4003

EXDIS

BUCHAREST FOR VIETS

E.O. 11652: GDS  
TAGS: PFOR, IS, XF  
SUBJECT: CODEL STONE MEETING WITH DAYAN

BEGIN SUMMARY: DAYAN BELIEVES THAT THE SITUATION IN THE  
GAZA STRIP ILLUSTRATES ISRAEL'S PRAGMATIC APPROACH TO  
RELATIONS WITH THE ARABS AND ARGUES THAT THE STATUS QUO  
IN GAZA SHOULD BE MAINTAINED FOR THE TIME BEING.  
REGARDING THE CONDUCT OF NEGOTIATIONS, HE DOUBTS THAT ANY  
COMPREHENSIVE AGREEMENT IS POSSIBLE, AND WOULD PERSONALLY  
PREFER TO RETURN TO SOME KIND OF "STEP-BY-STEP" APPROACH.  
HE BELIEVES PROGRESS TOWARD AGREEMENT CAN ONLY BE  
MADE IN SECRET NEGOTIATIONS AT THE TOP LEVEL. A  
SOLUTION OF THE PROBLEMS OF REFUGEES MUST BE A KEY  
ELEMENT IN ANY AGREEMENT. END SUMMARY.  
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1. SENATOR RICHARD STONE, ACCOMPANIED BY AMBASSADOR  
AND STAFF, MET WITH MOSHE DAYAN AND EVRON OF FONMIN  
JUNE 4. IN EXPLAINING THE CONTRIBUTION HE FELT HE  
COULD MAKE AS FOREIGN MINISTER IN THE NEXT GOVERNMENT,  
DAYAN POINTED OUT THAT BEGIN AND HIS ASSOCIATES ARE  
NOT WELL ACQUAINTED WITH THE PROBLEMS ISRAEL HAS FACED

AND SOLVED IN ITS RELATIONS WITH THE ARABS. FOR EXAMPLE, GAZA IS A DIFFERENT PROBLEM THAN THE WEST BANK; ITS RESIDENTS HAVE NO CITIZENSHIP AT ALL. IT WAS ADMINISTERED BY EGYPT BUT THE EGYPTIANS NEVER CONSIDERED IT PART OF EGYPT NOR WANTED IT. ANNEXATION BY ISRAEL WOULD MEAN AN ADDITIONAL 300,000 ARAB CITIZENS BECAUSE THE GAZANS HAVE NO OTHER CITIZENSHIP AND COULD NOT BE LEFT STATELESS. BEN-GURION HAD ALWAYS OPPOSED ANNEXATION, SAYING GAZA WOULD BE A "HORNETS NEST" FOR ISRAEL. THERE MUST BE SOME SOLUTION FOR GAZA IN THE FUTURE BUT FOR THE TIME BEING A CONTINUATION OF THE STATUS QUO WOULD BE BEST.

2. WHEN ISRAEL TOOK OVER GAZA IN 1967, DAYAN DECIDED TO OPEN THE BORDER AND TO PERMIT FREE MOVEMENT AND EMPLOYMENT IN ISRAEL. THE SUCCESS OF THIS POLICY WAS PROVEN BY THE FACT THERE WERE NO INCIDENTS AT ALL DIRECTED AT ISRAEL FROM GAZA DURING THE YOM KIPPUR WAR. TERRORISM HAS BEEN CONTROLLED BECAUSE FREE EMPLOYMENT HAS MEANT ID CARDS AND PERSONNEL RECORDS, WHICH HEWP TO LOCATE TERRORISTS, AND BECAUSE GAZANS KNOW ISRAELI INTELLIGENCE WOULD LOCATE TERRORISTS AND THEIR HOMES WOULD BE BLOWN UP IN RETALIATION. STILL, AN IMPORTANT FACTOR HAS BEEN THE TREATMENT OF THE ARABS AS EQUAL HUMAN BEINGS AND WITH MORE DIGNITY AND HONESTY, ALTHOUGH DAYAN NOTED HE REMAINS FURIOUS ABOUT THE DEGRADING TREATMENT OF ARABS BY ISRAELI OFFICIALS AT ALLENBY BRIDGE.

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3. THERE SHOULD BE NO MISUNDERSTANDING, DAYAN SAID-- THE GAZANS WANT TO BE RID OF THE ISRAELI OCCUPATION AND, IN FACT, WOULD LIKE TO SEE THE JEWISH STATE DISAPPEAR. HOWEVER, THEY REALIZE THEY DO NOT HAVE THE FORCE TO BRING THIS ABOUT AND THEY HAVE LEARNED TO LIVE WITH THE SITUATION. THE GAZANS CONSIDER THEMSELVES PALESTINIANS AND WOULD LIKE THEIR POLITICAL FUTURE TO REMAIN LINKED WITH THE WEST BANK. THEIR FIRST GOAL WOULD BE TO GET RID OF THE ISRAELIS, AND THEIR SECOND GOAL WOULD BE NOT TO RETURN TO EGYPTIAN ADMINISTRATION BUT TO ACHIEVE UNITY WITH ARAB PALESTINIANS AND TO GET WHATEVER THE WEST BANK GETS. IN THE PAST, ISRAEL HAS SUGGESTED TO THE REFUGEES IN GAZA THAT THEY MOVE TO THE WEST BANK BUT THEY HAVE REFUSED. ALTHOUGH OVERPOPULATED, GAZA IS THE "RIVIERA OF THE EASTERN MEDITERRANEAN"--LIFE IS PLEASANT, FISHING IS GOOD, WATER IS PLENTIFUL, WORKERS GET STANDARD ISRAELI WAGES BUT PAY NO TAXES, SO WHY MOVE TO NABLUS?

4. IN RESPONSE TO A QUESTION FROM THE AMBASSADOR ABOUT NEGOTIATIONS, DAYAN SAID HE CONSIDERED GENEVA TO BE A PLACE TO SIGN AN AGREEMENT NEGOTIATED ELSEWHERE, NOT A PLACE FOR NEGOTIATIONS. THERE CAN BE MEANINGFUL NEGOTIATIONS ONLY WITH ASAD AND SADAT, AND IT IS NOT REALISTIC TO EXPECT THEM TO REMAIN COOPED UP IN GENEVA FOR MONTHS. THERE MUST BE SECRET NEGOTIATIONS ON A SECRET DRAFT AGREEMENT AND THIS WILL BE A LONG PROCESS. THERE CAN BE DIRECT TALKS AT LOWER LEVELS ON SUBSIDIARY QUESTIONS BUT STATE QUESTIONS MUST BE SETTLED AT STATE LEVELS.

5. DAYAN WAS AMBIGUOUS IN REPLYING TO A QUESTION ABOUT THE FIRMNESS OF THE LIKUD POSITION AGAINST INTERIM AGREEMENTS. HE SAID A COMPREHENSIVE PLAN FOR NEGOTIATIONS WOULD BE BETTER, IF POSSIBLE TO ATTAIN, AND SUGGESTED WE HEAR THE LIKUD PLAN FIRST. ON THE CONFIDENTIAL

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OTHER HAND, SOME PARTS OF AN AGREEMENT, SUCH AS REDUCTION OF FORCES, WOULD TAKE TIME AND WOULD REQUIRE STATES AND, IF AN OVERALL AGREEMENT IS IMPOSSIBLE, SOLUTIONS TO LOCAL PROBLEMS SHOULD BE CONSIDERED.

6. IN ANY NEGOTIATIONS, ISRAEL MUST ATTEMPT TO IMPROVE ITS RELATIONS WITH THE THREE NEIGHBORING COUNTRIES,

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C O N F I D E N T I A L SECTION 2 OF 2 TEL AVIV 4003

EXDIS

BUCHAREST FOR VIETS

TO SOLVE THE PROBLEM OF REFUGEES, AND TO DISCUSS THE  
FUTURE OF JERUSALEM. THIS DIVISION SUGGESTS STAGES  
OR STEPS OR PHASES, BUT IT ALSO MAKES IT MORE DIFFCULT  
FOR ANY ARAB STATE TO AGREE TO NEGOTIATE BECAUSE IT  
WOULD APPEAR ISOLATED. ARAB STATES WILL SAY OTHER  
AREAS SHOULD BE DEALT WITH FIRST EVEN THOUGHT THEY MAY  
WISH THE PROBLEMS OF THEIR OWN AREA TO BE SETTLED.  
PARADOXICALLY, THEY MAY EVAN WISH SOME OF THEIR AREA  
TO REMAIN UNDER OCCUPATION SO THEY CAN CALIM TO OTHER  
ARABS THEY HAVE NOT REACHED AGREEMENT WITH ISRAEL.  
ASAD IS A CASE IN POINT; IT WILL BE VERY DIFFICULT FOR  
HIM TO REACH A COMPREHENSIVE AGREEMENT WITH ISRAEL--  
EVEN IF ISRAEL COULD MEET ALL HIS DEMANDS-- BECAUSE OF  
THE NATURE OF THE PEOPLE HE MUST DEAL WITH IN SYRIA.  
DAYAN DOES NOT BELIEVE ASAD CAN AFFORD TO MAKE REAL  
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PEACE. THEREFORE, HE MIGHT LOOK TO A STEP-BY-STEP  
APPORACH AND LESS THAN TOTAL WITHDRAWAL FROM THE GOLAN  
AS A WAY TO AVOID HAVING TO GO BEYOND NON-BELLIGERENCY.

7. DAYAN SAID THAT REFUGEES WILL BE A KEY POINT IN ANY  
PEACE AGREEMENT AND COMMENTED THAT NEIGHER THE U.S.  
NOR ISRAEL HAS DONE AS MUCH AS THEY SHOULD HAVE  
REGARDING REFUGEES--500,000 IN JORDAN, 300,000 IN  
LEBANON, AND 200,000 IN GAZA. THERE IS NO ROOM IN  
THE WEST BANK FOR RESETTLEMENT OF REFUGEES OR THAT  
WOULD ALREADY HAVE BEEN DONE, AND IT IS MEANINGLESS  
TO SPEAK OF THE REFUGEES HAVING THE RIGHT "TO RETURN  
TO THEIR HOMES." HUSSEIN KNOWS THAT IT IS DANGEROUS  
TO TRY TO CONFINE THE REFUGEES TO THEIR CAMPS BUT HE  
NEEDS MONEY TO HELP RESETTLE THEM ELSEWHERE IN JORDAN,  
AND THE U.S. SHOULD BE PREPARED TO HELP HIM DO SO.  
IT MUST BE REMEMBERED THAT THE ADDITION OF THIS ONE-HALF  
MILLION REFUGEES WOULD CHANGE THE CHARACTER OF JORDANIAN  
SOCIETY. ALL OF US SHOULD REMEMBER THAT THREE THINGS  
ARE NEEDED FOR ANY SETTLEMENT OT THE QUESTION OF  
REFUGEES: THEY MUST BE GIVEN CITIZENSHIP; THEY MUST  
BE GIVEN THE OPPORTUNITY TO HAVE MEANINGFUL EMPLOYMENT;  
AND THEY MUST HAVE A DECENT STANDARD OF LIVING.

8. ISRAEL SHOULD HAVE DONE MORE FOR THE REFUGEES UNDER ITS JURISDICTION IN GAZA AND IS MOVING BELATEDLY TO DO SO. IF THE HALF MILLION IN JORDAN AND 200,000 IN GAZA CAN BE ABSORBED INTO THE SOCIETIES IN WHICH THEY LIVE, THE REFUGEE PROBLEM WOULD BE REDUCED TO THE 300,000 IN LEBANON AND THIS, WHILE NOT A SOLUTION, WOULD PERHAPS REDUCE THE PROBLEM TO MANAGEABLE PROPORTIONS. MANY OF THE 300,000 WOULD PROBABLY PREFER TO STAY IN LEBANON BUT THAT IS NOT CERTAIN. DAYAN CONCLUDED THAT HE DOES NOT KNOW THE ANSWER TO THE REFUGEE PROBLEM AND FEELS THAT THE BEST POSSIBLE SOLUTION MIGHT BE A CONTINUATION OF THEIR  
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PRESENT SITUATION WITH AS MUCH IMPROVEMENT AS POSSIBLE. CERTAINLY NO ISRAELI GOVERNMENT WOULD PERMIT AN INDEPENDENT PALESTINIAN STATE TO BE ESTABLISHED. IN ANY CASE, HE SAID HE COULD NOT AGREE WITH YADIN WHO IS INCLINED TO USE THE REFUGEES AS A CARD TO BE PLAYED IN NEGOTIATIONS WITH THE ARAB GOVERNMENTS.

9. COMMENT: DAYAN WAS ARTICULATE, OPEN, RELAXED, SELF-CONFIDENT, AND REALISTIC THROUGHOUT THE MEETING. HE WANTS TO NEGOTIATE WITH THE ARABS, BUT HAS FEW ILLUSIONS. SO HE PUTS A HIGH PRIORITY ON PRACTICAL MEASURES TO IMPROVE THE LOT OF THE PALESTINAINS AND TO FIND WAYS FOR ISRAEL BEST TO LIVE WITH PROBLEMS HE DOES NOT EXPECT TO SEE SOLVED.  
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